

Dollars & \$ense: Make Your Credit Card Work

Choose the Right Card with the Right Terms and the Right Rewards for Maximum Benefits

If you're like most people, your mailbox is overflowing with credit card offers. Before you shred the next batch, take a look and see what the credit card companies are offering these days. You might find a deal that's better than what you already have stuck in your wallet.

Companies are offering everything from airline miles to groceries to electronics as incentives for using their particular credit card. Find the card and benefits that are right for you and you can rack up some really nice rewards.

A few tips for success:

1. Find the perfect card. So which card is going to be "your" card? That depends. What benefits are you looking for? Do you want to collect airline miles for a trip? Do you want to receive rewards from a particular store or vendor? Maybe you want cash back on each purchase instead. Fortunately, there are many choices out there and with a little research you can find a card that suits your needs.

2. Compare offers. Don't jump to sign up for the first offer that looks good. Be sure to read the fine print because interest rates, annual fees, payment terms and reward redemption will vary widely from company to company. Know what you're getting.

3. Skinny down your wallet. Once you've added a new card you might want to consider closing older accounts. Closing accounts that have higher fees or interest rates can save money. However, there can be drawbacks to closing established credit card accounts. Understand the potential impact on your credit score before you close down old accounts that have a good history.

4. Access to low interest funds. If you need ready access to cash, many credit card companies offer no interest, or very low interest rates called teaser rates, for a certain

length of time on cash advances. Carefully check the terms on your card, but don't overlook this option for accessing funds when you need them.

5. Fringe benefits. Many credit cards come with extra benefits most people



don't use or even know about. Some offer additional car or accident insurance when you travel. Others provide an extended warranty on certain purchases. Know the details so you can take full advantage.

6. Don't forget to redeem. As you start piling up points, don't forget to use them. Some rewards will have an expiration date on them. Don't lose out on the very benefits you signed up for in the first place.

Smart Money

While you're enjoying the benefits and rewards of your

credit card, be sure to heed these additional tips:

- Avoid unnecessary fees. Make sure you know about and understand any late payment or over-the-limit fees. You may also incur fees for cash advances and balance transfers. Some companies may even charge a fee if you pay by phone or online. Know the terms of your card and stick to them.

- Don't just make the minimum payment. It may look great on paper that you only owe \$25 for last month's shopping spree, but ideally, you'll pay your bill off each month or pay as much of the total as you can so you're not incurring interest charges, which can really accumulate and are not generally tax deductible.

- Pay on time. Know when your payment is due and get that bill paid on time, allowing plenty of time for the mail to get there or for online transfers to take place. On-time payments will keep you from incurring late fees, keep your interest to a minimum, and keep your credit score looking good.

Shop Around, Reap the Rewards

A lot has been written about the perils of credit cards and the debt people can amass by using them. But credit cards can also provide some excellent benefits that can help you achieve your goals, whether that's travel or a little cash back in your pocket at the end of the month.

Dollars & \$ense is a regular column on personal finance prepared and distributed by certified public accountants from the Oregon Society of CPAs (www.orepa.org). For more money tips, follow 'Oregon Saves' on Facebook: facebook.com/OregonSaves



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